



November 23, 2021

Build Back Better Act: Small Business Administration Sections

The Build Back Better Act (BBBA; H.R. 5376), passed by the House on November 19, 2021, includes 19 sections that would provide a total of more than \$5 billion for U.S. Small Business Administration (SBA) programs.

Veteran Federal Procurement Entrepreneurship Training Program

Section 100101: \$35 million in FY2022, to remain available until September 30, 2030—for competitive grants to nonprofit entities to provide training to veteran-owned small businesses to increase their likelihood of being awarded federal contracts.

Expanding the Surety Bond Program

Section 100102: \$100 million in FY2022, including \$15 million for administrative expenses, to remain available until September 30, 2031—to increase the guarantee on bid, performance, and payment surety bonds for small businesses from \$6.5 million (\$10 million if a federal contracting officer certifies that such a guarantee is necessary) to \$10 million (\$20 million if a federal contracting officer certifies that such a guarantee is necessary).

Uplift Incubators

Section 100201: \$1 billion in FY2022, including \$150 million for administrative expenses, to remain available until September 30, 2031—to provide competitive grants or contracts to economic development organizations, SBA management and training partner organizations, historically black colleges and universities, colleges that primarily educate minority students, and junior or community colleges to establish business incubators to assist small businesses that are in the planning stages or in business for not more than five years, small business contractors, or businesses owned and controlled by one or more members of an underrepresented community as defined in the bill (e.g., resident of a low-income community as defined in section 45D(e) of the Internal Revenue Code, located in a HUBZone, member of an Indian or Alaska Native tribe) or a Native entity. The incubators are to provide a wide range of management and training assistance, including training to enhance access to capital, help new business owners become business ready, and help all participants become ready to submit bids for federal contracts.

Office of Native Affairs

Section 100202: \$10 million in FY2022, to remain available until September 30, 2029—to establish an Office of Native Affairs, which will create and administer a Native American Outreach Program. The Outreach Program would provide information to state, local, and tribal governments about federal assistance available to Native American-owned small businesses (defined to include Native

Americans, Native Hawaiian Organizations, Alaska Native Corporations, and Indian tribes) and management and training for Native American-owned small businesses.

Office of Rural Affairs

Section 100203: \$10 million in FY2022, to remain available until September 30, 2029—for an annual Rural Small Business Conference, to be held in various regions of the country.

Office of Emerging Markets

Section 100204: \$10 million in FY2022, to remain available until September 30, 2029—to establish an office of emerging markets to enhance the well-being of small businesses in an emerging market as defined in the bill (e.g., located in a low- or moderate-income area for purposes of the Community Development Block Grant program, located in a HUBZone, is a startup or is owned and controlled by veterans or individuals with disabilities).

State Trade Expansion Program

Section 100205: \$31.71 million in FY2023 and in FY2024, with each appropriation to remain available until September 30, 2027—for additional State Trade Expansion Program grants.

Growth Accelerators

Section 100301: \$200 million in FY2022, including \$10 million for administrative expenses, to remain available until September 30, 2031—for additional growth accelerator grants. The growth accelerators program is also provided statutory authorization as the Growth Accelerator Competition, with awards of at least \$100,000.

Emerging Managers Program (Increasing Equity Investments in the SBIC Program)

Section 100401: \$20 million in FY2022, to remain available until September 30, 2031—to establish a Small Business Investment Company (SBIC) emerging managers program for managers that meet at least two of a list of specified criteria, such as having less than 10 years of combined investment experience, a focus on underserved markets, or being majority owned by members of an underserved community. The program encourages specified investments, including in infrastructure, defined broadly to include child and elder care, manufacturing, low-income communities, and small businesses owned by veterans, Native Americans, and individuals with disabilities.

Microcap SBIC license

Section 100402: \$40 million in FY2022, to remain available until September 30, 2031—to establish a Microcap SBIC license for prospective SBIC managers that

lack required investment experience but would otherwise be issued a SBIC license. SBIC leverage to these companies is limited to \$50 million and at least 50% of their investments must be in the Emerging Managers program's covered investments (e.g., infrastructure, manufacturing, low-income communities). Not more than 33% of those investments are to be in small business concerns in infrastructure or manufacturing.

SBIC Outreach

Section 100403: \$2.5 million in FY2022, to remain available until September 30, 2031—for a program to conduct outreach to, and educate, prospective licensees on SBIC licensing procedures.

Community Advantage Loans

Section 100501: \$275.9 million in FY2022, to remain available until September 30, 2031—for the Community Advantage loan program, including \$47.1 million for administrative expenses and \$4 million for training community advantage lenders. The Community Advantage loan program is also provided statutory authorization. At least 60% of community advantage loans must be made to small businesses located in an underserved market as defined in the bill (e.g., located in a low- to moderate-income community, a HUBZone, a rural area). The maximum loan amount is generally \$250,000, but may be up to \$350,000 with SBA approval or if the small business is located in a major disaster area.

Small Dollar Direct Lending Program

Section 100502: \$1.9646 billion in FY2022, to remain available until September 30, 2031, including \$484 million for administrative expenses and \$25 million—for outreach grants, for a direct lending program for loans of up to \$150,000, or not more than \$1 million for small manufacturers or small government contractors.

Extension of Temporary Fee Reductions and Loan Modifications

Section 100503: \$950 million in FY2022, to remain available until September 30, 2026—to (1) extend temporary 7(a) and 504/CDC loan guarantee fee reductions from September 30, 2021, to September 30, 2026; (2) extend the temporary increase in the 7(a) loan guaranty program's loan guarantee from 75% or 85%, depending on the loan amount, to 90% regardless of the loan amount from October 1, 2021, to October 1, 2026; and (3) extend the temporary increase in the SBAExpress loan guaranty program's maximum loan amount from \$500,000 to \$1 million from October 1, 2021, to October 1, 2026.

Funding for Cooperatives

Section 100504: \$100 million in FY2022, to remain available until September 30, 2031—for a five-year

cooperative lending pilot program, including employee-owned entities as determined by the SBA Administrator, without the requirement of a personal or entity guarantee.

Reentry Training for Incarcerated and Formerly Incarcerated Individuals

Section 100601: \$35 million in FY2022, to remain available until September 30, 2029—for grants to Small Business Development Centers (SBDCs), Women Business Centers (WBCs), and associations formed to pursue matters of mutual common concerns to SBDCs and WBCs to provide entrepreneurship counseling and training to incarcerated individuals completing imprisonment in a minimum, low, or medium security facility.

Section 100601: \$35 million in FY2022, to remain available until September 30, 2029—for grants to SCORE (formerly known as the Service Corps of Retired Executives) to provide entrepreneurship counseling and training to formerly incarcerated individuals.

New Start Entrepreneurial Development Program for Formerly Incarcerated Individuals

Section 100602: \$35 million in FY2022, to remain available until September 30, 2029—for a pilot program to award competitive grants (with a 25% matching requirement) to organizations, or partnerships of organizations, to provide entrepreneurial counseling and training to formerly incarcerated individuals. Legislative language implies that SBDCs, WBCs, SCORE, and Veteran Business Outreach Centers may be provided priority. An applicant must demonstrate, among other things, that it has a partnership with, or is, a Microloan intermediary and has the ability to provide a full range of entrepreneurial programming.

SBA Administrative Expenses

Section 100701: \$125 million in FY2022, to remain available until September 30, 2030—for administrative expenses to carry out these programs, except as otherwise provided.

SBA Office of Inspector General

Section 100702: \$12.5 million in FY2022, to remain available until September 30, 2030—for audits, investigations, and other oversight of these programs.

Robert Jay Dilger, Senior Specialist in American National Government

Anthony A. Cilluffo, Analyst in Public Finance

IF11980

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.